

## § 10.1024

as defined in §10.1013(m) of this subpart, are to be disregarded in determining whether the non-originating materials used in the production of the good undergo an applicable change in tariff classification set out in General Note 33, HTSUS. Accordingly, such materials and containers are not required to undergo the applicable change in tariff classification even if they are non-originating.

(b) *Effect on regional value content calculation.* Packing materials and containers for shipment, as defined in §10.1013(m) of this subpart, are to be disregarded in determining the regional value content of a good imported into the United States. Accordingly, in applying the build-down, build-up, or net cost method for determining the regional value content of a good imported into the United States, the value of such packing materials and containers for shipment (whether originating or non-originating) is disregarded and not included in AV, adjusted value, VNM, value of non-originating materials, VOM, value of originating materials, or NC, net cost of a good.

*Example.* Korean producer A produces good C. Producer A ships good C to the United States in a shipping container that it purchased from Company B in Korea. The shipping container is originating. The value of the shipping container determined under §10.1016(a)(2) of this subpart is \$3. Good C is subject to a regional value content requirement. The transaction value of good C is \$100, which includes the \$3 shipping container. The U.S. importer decides to use the build-up method,  $RVC = (VOM/AV) \times 100$  (see §10.1015(c) of this subpart), in determining whether good C satisfies the regional value content requirement. In determining the AV, adjusted value, of good C imported into the U.S., paragraph (b) of this section and the definition of AV require a \$3 deduction for the value of the shipping container. Therefore, the AV is \$97 (\$100 - \$3). In addition, the value of the shipping container is disregarded and not included in the VOM, value of originating materials.

## § 10.1024 Indirect materials.

An indirect material, as defined in §10.1002(n) of this subpart, will be disregarded for the purpose of determining whether a good is originating.

*Example.* Korean Producer A produces good C using non-originating material B. Pro-

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ducer A imports non-originating rubber gloves for use by workers in the production of good C. Good C is subject to a tariff shift requirement. As provided in §10.1014(b)(1) of this subpart and General Note 33, each of the non-originating materials in good C must undergo the specified change in tariff classification in order for good C to be considered originating. Although non-originating material B must undergo the applicable tariff shift in order for good C to be considered originating, the rubber gloves do not because they are indirect materials and are disregarded for purposes of determining whether the good is originating.

## § 10.1025 Transit and transshipment.

(a) *General.* A good that has undergone production necessary to qualify as an originating good under §10.1014 of this subpart will not be considered an originating good if, subsequent to that production, the good:

(1) Undergoes further production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of a Party; or

(2) Does not remain under the control of customs authorities in the territory of a non-Party.

(b) *Documentary evidence.* An importer making a claim that a good is originating may be required to demonstrate, to CBP's satisfaction, that the conditions and requirements set forth in paragraph (a) of this section were met. An importer may demonstrate compliance with this section by submitting documentary evidence. Such evidence may include, but is not limited to, bills of lading, airway bills, packing lists, commercial invoices, receiving and inventory records, and customs entry and exit documents.

## ORIGIN VERIFICATIONS AND DETERMINATIONS

## § 10.1026 Verification and justification of claim for preferential tariff treatment.

(a) *Verification.* A claim for preferential tariff treatment made under §10.1003(b) or §10.1011 of this subpart, including any statements or other information submitted to CBP in support of the claim, will be subject to such verification as the port director deems